



Department of Justice

FOR IMMEDIATE RELEASE
FRIDAY, AUGUST 3, 2001
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**JUSTICE DEPARTMENT REQUIRES DIVESTITURE IN PREMDOR INC.'S
ACQUISITION OF THE MASONITE BUSINESS OF INTERNATIONAL PAPER CO.**

WASHINGTON, DC — The Department of Justice today announced that it will require the divestiture of a doorskin manufacturing plant in order for Premdor Inc. to proceed with its proposed \$527 million acquisition of Masonite Corporation and related businesses from International Paper Company. A doorskin is the component that makes up the front and back of an interior molded door.

The Department said the acquisition, as originally proposed, would have substantially lessened competition in the interior molded doorskin and interior molded door markets by restructuring the industry in a way that facilitates coordination among the dominant firms. The proposed divestiture will preserve competition by requiring the divestiture of Masonite's Towanda, Pennsylvania facility, one of its two U.S. interior molded doorskin manufacturing plants, to maintain an independent molded doorskin manufacturer.

The Department's Antitrust Division filed a lawsuit today in U.S. District Court in Washington, D.C. to block the proposed transaction. At the same time, the Department filed a proposed consent decree that, if approved by the court, would resolve the lawsuit and the Department's competitive concerns.

"Without the divestiture of the plant, consumers of interior molded doorskins and interior molded doors — door manufacturers, distributors, building supply outlets, home centers, lumber yards, and home owners — would likely have paid higher prices," said Charles A. James, Assistant Attorney General in charge of the Department's Antitrust Division.

Masonite is the largest of only three significant manufacturers of molded doorskins, the primary component needed to manufacture molded doors, and in 2000, it sold over half of all interior molded doorskins purchased in the United States. It is the only major molded doorskin manufacturer that is not vertically integrated into the production of molded doors. Premdor is one of two major manufacturers of molded doors, selling over 40 percent of all interior molded doors purchased in the United States last year. It is also Masonite's largest customer and a small, but significant, competitor of Masonite in the molded doorskin market, selling less than 10 percent of all interiors molded doorskins in the United States last year. The other significant manufacturer of molded doors, not a party to the Department's lawsuit, is also a significant manufacturer of molded doorskins. The acquisition, as proposed, would have removed Premdor as a competitor in the interior molded doorskin market and resulted in the markets for interior molded doorskins and interior molded doors being dominated by two similarly sized vertically integrated firms.

Premdor Inc., headquartered in Mississauga, Ontario, Canada, is an international manufacturer of interior and exterior doors and the world's largest manufacturer and merchandiser of interior molded doors. The company reported revenues of approximately \$1.29 billion in 2000. Premdor U.S. Holdings, Inc., a subsidiary of Premdor Inc., is headquartered in Tampa, Florida and owns Premdor Inc.'s U.S. facilities involved in the manufacture and sale of doors.

International Paper Company, headquartered in Stamford, Connecticut, is an international corporation involved in the businesses of printing paper, packaging, distribution, chemical and petroleum products, and building materials. The company reported revenues of approximately \$28.2 billion in 2000. Masonite Corporation, a subsidiary of International Paper Company, is

headquartered in Chicago, Illinois and manufactures interior molded doorskins in Towanda, Pennsylvania and Laurel, Mississippi.

As required by the Tunney Act, the proposed consent decree, along with the Department's competitive impact statement, will be published in the Federal Register. Any person may submit written comments concerning the proposed decree during a 60-day comment period to J. Robert Kramer II, Chief, Litigation II Section, Antitrust Division, U.S. Department of Justice, 1401 H Street, N.W., Suite 3000, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the Court may enter the final judgment upon a finding that it serves the public interest.

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